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9 April 1979

SUBJECT: Italian Political Situation

1. The Andreotti government--which was supported in parliament by five parties--collapsed last January when the Communists withdrew their backing. The parties' subsequent failure to agree on an alternative formula recently forced the dissolution of parliament and a call for a new election. The question of direct Communist participation in government will be the main issue in the election, which will probably be scheduled for early June.

2. Andreotti's collapse and the protracted negotiations to develop a new formula have postponed efforts to treat Italy's most pressing problems. Debate over the three year economic stabilization plan, the renegotiation of major labor contracts, and the appropriation of supplementary funds for the military budget have been sidetracked until the political situation is clearer. Meanwhile, terrorist activity has increased.

3. The Communist leadership provoked the current crisis because it was convinced that supporting the government had damaged its image among both rank and file and moderate supporters. The Communists, however, have not abandoned their overall strategy, which is aimed at achieving an eventual governing alliance with the Christian Democrats-Communist chief Berlinguer's "historic compromise"; the Communist Party congress reaffirmed this policy last week. But the party clearly is ready to return to the opposition if it cannot gain a cabinet role, or something very close.

4. For their part, the Christian would have been quite satisfied to continue the existing arrangement--in which the Communists were co-responsible for government actions, but had only limited influence in policy making. Although some Christian Democrats hoped to avoid a

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break with the Communists, others were convinced that the crisis might prod the Socialists into rejoining a government coalition less dependent on the Communists. But Christian Democrats on both sides seem resolved that an election is the only way to determine the more feasible alternative. ☐

5. This situation presents the Socialists with a painful choice and is, in effect, a direct challenge to their policy of "autonomy"--designed to distinguish them from the two larger parties. Some Socialists favor using the opportunity to move out of the Communists' shadow by forming a new coalition with the Christian Democrats; other Socialists refuse to support a government excluding the Communists in order to protect the Socialists from possible Communist attacks. To prevent a disastrous party split over the issue, the Socialists are for the moment taking refuge in a "unity of the left" policy. They are resigned to risking an election, rather than making a definitive decision at this point. ☐

6. In fact, an election became inevitable when the three party minority government recently proposed by Prime Minister de Segni failed to obtain Communist and Socialist support and consequently lost a parliamentary vote of confidence. Although the three parties apparently hope an election will simplify their options, the results of such a vote will probably only confirm the current impasse. It is difficult to predict likely election results, but--according to recent polls--the Communists may decline several points, the Christian Democratic tally may rise slightly and the Socialists may hold their own or gain a bit in relation to their respective standings in the 1976 vote. ☐

7. The three major parties are thus likely to be faced after a election with essentially the same hard choices. Unless they are prepared to cope with a protracted period of instability and governmental paralysis, political leaders will probably be forced to work out a compromise formula. This formula would have to allow the Communists to claim that they were part of the government, while permitting the Christian Democrats to maintain that they had held the line--an increasingly difficult task in view of the troubles encountered by the Andreotti experiment. ☐

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